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THE COMMONWEALTH OF MASSACHUSETTS

BOARD OF REGENTS OF HIGHER EDUCATION

Compliance Unit
150 Causeway Street, Room 308
Boston, Massachusetts 02114

March 23, 1990

Joseph D. Duffy, President
University of Massachusetts
Presidents Office
250 Stuart St. 12th Floor
Boston, MA 02116

Dear President Duffy:

We have completed our review of University of Massachusetts' Tuition Retention Program for the period July 1, 1988 to June 30, 1989.

The purpose of our review was to determine whether the University's methodology and operating procedure relative to Chapter 164 of the Acts of 1988, Tuition Retention, are being executed in accordance with regulations as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluation of methods used for:
   a. Receipts and Revenues
   b. Expenditures
2. Review of records to evaluate their completeness and accuracy as reported on MMARS.
3. Other review procedures to test for the colleges compliance with applicable laws and regulations that may have a material affect.

Conclusion:

Based upon our review, University of Massachusetts has implemented a system of reporting and recording tuition retention which conforms with the Board of Regents Regulations. However, tuition retention was overstated by $266,829. See attached Exhibit I for detailed audit results and comments.

Sincerely,

Joseph J. Casarano
Joseph J. Casarano
Director, Compliance Unit

cc: G. Oakes
L. Laster
S. Penney
J. Jenifer
Board of Regents
J. Giacomarra
J. McCormack
P. Page
D. Wolcott

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EXHIBIT I

UNIVERSITY OF MASSACHUSETTS
AUDIT RESULTS AND COMMENTS

Field Auditor: Joseph J. Casarano, Director, Compliance Unit
Audit Scope: Fiscal Year 1989 Tuition Retention Dollars
Exit Conference Date: March 22, 1990, via telephone
Exit Conference Attendees: Joseph Casarano and David Wolcott

A. Tuition Receipts:
Total tuition retention dollars calculated and credited by the University in F/Y 89 was $4,518,774 on tuition dollars collected of $44,713,757. The breakdown by campus is as follows:

	TUITION RETENTION	TUITION COLLECTED
Amherst	$3,341,232	$32,681,881
Boston	$1,104,360	$11,220,026
Worcester	$73,182	$811,850

B. Tuition Retention Calculation:
The "specific identification" method is currently used by the University to calculate tuition retention. This method calculates tuition retention on an individual student account basis. The only exception noted during our review was the incorrect taking of tuition retention on students who participated in the Board of Regents' Tuition Waiver Program.

Recommendation:
We recommend that the University make an adjustment to the tuition retention account for fiscal year 1990 to recognize the overstated income of $226,829 identified in our review. The breakdown by campus is as follows:

Amherst	$195,997
Boston	$63,639
Worcester	$7,193

C. Reporting Requirements:
Our review of the University's requirement to submit spending plans noted that the plans were adequate in their breakdown of accounts and were filed with the Board of Regents.

D. Disbursements:
The University's expenditure of tuition retention revenue conformed to regulations set forth by the Board of Regents of Higher Education. Our compliance test of expenditures showed no indications that any of the tuition retention funds were used to support regular "account 01" employees or pay for general plant operations "account 08" as defined in the Commonwealth's list of subsidiary accounts.

E. Board Approval:
During our review, we noted that the required Board of Trustees approval was acquired. However, we noted no after-the-fact comparison between the approved spending plan and the actual expenditures for fiscal year 1989.

RECOMMENDATION:
To enhance the budget approval process required by the Board of Trustees, a comparison of budget to actual expenditures should be prepared and significant differences explained.